



Federal Communications Commission
Washington, D.C. 20554
6 OCT 1994

PP 93-253
DOCKET FILE COPY ORIGINAL

IN REPLY REFER TO:
7310-09/1700A1

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Honorable Eleanor Holmes-Norton
U.S. House of Representatives
815 15 Street, N.W., Suite 100
Washington, D.C. 20005-2201

Dear Delegate Norton:

This letter is in response to the June 7, 1994 letter of your constituent, Mr. Charles R. Jones, Jr., regarding the special competitive bidding provisions for designated entities interested in bidding on new wireless technologies such as personal communications services (PCS). Mr. Jones's letter specifically addressed the importance of providing minority-owned firms meaningful opportunities to participate in providing PCS, and asked whether the Chairman of the Federal Communications Commission, Mr. Reed Hundt, has a position regarding the relative advantages of bidding credits and spectrum set-asides.

The Commission believes that bidding credits, installment payments and other provisions will provide beneficial opportunities for minority participation in the competitive bidding process and in the provision of PCS Services. The June 29, 1994 agenda meeting, the Commission adopted competitive bidding rules for broadband PCS including a "Competitive Opportunity Plan" that establishes two "entrepreneurs' blocks" with bidding limited to smaller businesses. These blocks together consist of 986 licenses, which will be authorized for operations within Basic Trading Areas (BTAs). Eligibility for these blocks will be limited in order to safeguard for small businesses, including those owned by minorities and women, the ability to participate in the auctions without competition from the largest of companies.

Within the entrepreneurial blocks, the Commission established a range of provisions to address the most challenging barrier to entry by designated entities -- that is, access to capital. These provisions include bidding credits, installment payment plans, tax certificates and relaxed attribution standards for small businesses and businesses owned by minorities and women. For example, within the entrepreneurs' blocks, minority-owned businesses are eligible for bidding credits of 15 percent, and minority-owned small businesses are eligible for bidding credits of 25 percent. In addition, the Commission recently proposed to use a similar Competitive Opportunity Plan when it auctions certain narrowband PCS licenses.

The Commission has sought to implement the Congressional intent of Section 309(j) of the Communications Act, passed by Congress in August 1993, to provide significant opportunities for participation to entities that have been historically underrepresented in the telecommunications industry. It has sought to ensure that competition and participation by

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Honorable Eleanor Holmes-Norton

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all segments of society will become the enduring standard for the future. Enclosed is a summary of the Commission's action of June 29. If you would like additional information, feel free to call Julia Kogan of my staff at (202) 632-7125.

Sincerely,

G. P. Vaughan
for **Ralph A. Haller**
Chief, PCS Task Force &
Chief, Private Radio Bureau

Enclosure

cc: Rules Branch (Chron)
Dockets, Room 222 (2 copies)
LMMD Room 5202
Originator File Copy

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j:/congress 9402735

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

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Congress of the United States
House of Representatives
Washington, D.C. 20515

June 8, 1994

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DEMOCRATIC STUDY GROUP
EXECUTIVE COMMITTEE

Ms. Lou Sizemore
Congressional Liaison
Federal Communications Commission*
1919 M Street NW #808
Washington, DC 20554

RE: Mr. Charles R. Jones, Jr.
Reference #: 99916007

Dear Ms. Sizemore:

I am enclosing copies of material I have received from Mr. Charles R. Jones, Jr. regarding specific questions he would like answered about minority participation in the Information Superhighway.

I would greatly appreciate your checking into this matter and advising me of your findings. Any information you can provide will help me in properly responding to my constituent.

Kindly address your reply and any questions you may have to Kim Hinton at my Northwest Constituent Service Office.

Thank you for your attention to my request.

Sincerely,

Eleanor Holmes Norton

Eleanor Holmes Norton

EHN:kh

Enclosure

In order to be of service to you, I need to know the following information about your problem:

Name: CHARLES F JONES

Address: 4850 CONN AVE NW # 616
WASH, D.C 20008

City: _____ State: _____ Zip: _____

Day Phone: (202) 223-2484 Evening Phone: (202) 244-4872

Social Security Number: _____ Date of Birth: _____ V.A. "C" Number: _____

"A" Number: _____ Military Serial Number: _____ C.S.A. Number: _____

Other Claim Number: _____ Ward: _____ Agency: _____

Please describe your problem. You may use additional sheets if necessary. Please enclose copies of any pertinent correspondence:

PCS - ACTIONING - PROCESS

- (1) WHAT IS MR. HUNT'S POSITION WITH REGARD TO BID CREDITS VS SPECTRUM SET-ASIDES TO PROVIDE OWNERSHIP TO THE DESIGNATED ENTITIES.
- (2) WHY HAS THE FCC FAILED TO PROVIDE SPECIFIC CONDITIONS WHICH WOULD ALLOW THE FLOW OF CAPITAL TO DESIGNATED ENTITIES. I.E. MINORITY CONCERNS
- (3) DID CREDITS ALLOW ONLY MINIMUM OWNERSHIP, WITH YOUR (FCC) RULE REQUIRE MAJORITY OWNERSHIP IN A BID CREDIT SITUATION?
- (4) CAN THERE BE A MIXTURE OF BID CREDIT AND SPECTRUM SET-ASIDES? IN OTHER WORDS DOES ONE OFF-SET THE OTHER.
- (5) WHAT WILL FCC PROVIDE REGULATION TO BREAK THE MONOPOLY AND TOTAL ~~CONTROL~~ ^{Dominance} OF ENTITIES WHO HAVE TOTAL ACCESS TO CAPITAL?

Pursuant to the Privacy Act, I hereby give Congresswoman Eleanor Holmes Norton permission to assist me with the above matter.

Signature: Charles F. Jones Date: 6-7-94